

TRUMBULL COUNTY TOURISM BUREAU

REGULAR AUDIT

**FOR THE YEAR ENDED
DECEMBER 31, 2010**

Varney, Fink & Associates, Inc.
Certified Public Accountants



Dave Yost • Auditor of State

Board of Trustees
Trumbull County Tourism Bureau
321 Mahoning Avenue, NW
Warren, Ohio 44483

We have reviewed the *Independent Accountants' Report* of the Trumbull County Tourism Bureau, Trumbull County, prepared by Varney, Fink & Associates, Inc., for the audit period January 1, 2010 through December 31, 2010. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

Our review was made in reference to the applicable sections of legislative criteria, as reflected by the Ohio Constitution, and the Revised Code, policies, procedures and guidelines of the Auditor of State, regulations and grant requirements. The Trumbull County Tourism Bureau is responsible for compliance with these laws and regulations.

A handwritten signature in cursive script that reads "Dave Yost".

Dave Yost
Auditor of State

July 19, 2011

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**TRUMBULL COUNTY TOURISM BUREAU
FOR THE YEAR ENDED
DECEMBER 31, 2010**

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INDEPENDENT ACCOUNTANTS' REPORT

Trumbull County Tourism Bureau
Trumbull County
321 Mahoning Avenue, NW
Warren, Ohio 44483

To the Trustees:

We have audited the accompanying financial statements of the Trumbull County Tourism Bureau, Trumbull County, Ohio (the Bureau), as of and for the year ended December 31, 2010, as listed in the table of contents. These financial statements are the responsibility of the Bureau's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require that we plan and perform the audit to reasonably assure whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe our audit provides a reasonable basis for our opinion.

As discussed in Note B, the accompanying financial statements and notes follow the modified cash accounting basis. This is a comprehensive accounting basis other than accounting principles generally accepted in the United States of America.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective modified cash financial position of the Trumbull County Tourism Bureau, Trumbull County, Ohio, as of December 31, 2010, and the respective change in modified cash basis net assets and its cash flows for the year then ended in conformity with the basis of accounting Note B describes.

INDEPENDENT ACCOUNTANTS' REPORT (continued)

In accordance with *Government Auditing Standards*, we have also issued our report dated June 3, 2011, on our consideration of the Bureau's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance, and the results of testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.

Varney, Fink & Associates

VARNEY, FINK & ASSOCIATES, INC.
Certified Public Accountants

June 3, 2011

TRUMBULL COUNTY TOURISM BUREAU, INC.

Statement of Assets, Liabilities, and Net Assets - Modified Cash Basis
December 31, 2010

ASSETS	
Cash and Cash Equivalents	<u>\$231,453</u>
Total Assets	<u><u>\$231,453</u></u>
LIABILITIES	
Payroll Taxes and Withholdings	\$5,083
NET ASSETS	
Unrestricted	<u>226,370</u>
TOTAL LIABILITIES AND NET ASSETS	<u><u>\$231,453</u></u>

The accompanying notes are an integral part of the financial statements.

TRUMBULL COUNTY TOURISM BUREAU, INC.

Statement of Support and Revenue, Expenses and Change in Net Assets - Modified Cash Basis
For the Year Ended December 31, 2010

PUBLIC SUPPORT AND REVENUE

County contract revenue received	\$231,040
Membership dues collected	5,000
Fundraising receipts	1,302
Other income	<u>5</u>

Total Public Support and Revenue 237,347

EXPENSES

Personnel expenses	71,939
Administrative expenses	27,959
Marketing, advertising and promotion expenses	67,646
Grant distributions	26,579
Public relation expenses	<u>2,870</u>

Total Expenses 196,993

OPERATING INCOME 40,354

NON-OPERATING REVENUE

Interest	1,856
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CHANGE IN NET ASSETS 42,210

NET ASSETS - Beginning of year 184,160

NET ASSETS - End of year \$226,370

The accompanying notes are an integral part of the financial statements.

TRUMBULL COUNTY TOURISM BUREAU, INC.

Statement of Cash Flows
For the Year Ended December 31, 2010

CASH FLOWS FROM OPERATING ACTIVITIES	
Receipts from county contract	\$231,040
Receipts from membership dues	5,000
Receipts from fundraising	1,302
Miscellaneous receipts	5
Payments to suppliers	(98,475)
Payments to employees	(67,182)
Grant disbursements	<u>(26,579)</u>
Net Cash Provided by Operating Activities	45,111
CASH FLOWS FROM INVESTING ACTIVITIES	
Interest	<u>1,856</u>
Net Cash Provided by Investing Activities	1,856
NET INCREASE IN CASH AND CASH EQUIVALENTS	46,967
CASH AND CASH EQUIVALENTS - as of January 1, 2010	<u>184,486</u>
CASH AND CASH EQUIVALENTS - as of December 31, 2010	<u><u>\$231,453</u></u>
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES:	
Operating Income	\$40,354
ADJUSTMENT TO RECONCILE OPERATING INCOME TO NET CASH USED BY OPERATING ACTIVITIES:	
Increase in payroll taxes payable	<u>4,757</u>
TOTAL ADJUSTMENTS	<u>4,757</u>
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u><u>\$45,111</u></u>

The accompanying notes are an integral part of the financial statements.

TRUMBULL COUNTY TOURSIM BUREAU, INC.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2010

NOTE A – REPORTING ENTITY

Trumbull County Tourism Bureau, Inc. (the Bureau) is a nonprofit corporation which was formed December 2005 by the Trumbull County Commissioners, State of Ohio. The primary purpose of the Bureau is to encourage the economic development of Trumbull County, Ohio by promoting tourism and establishing Trumbull County as an attractive and successful destination center in the northeastern Ohio area and such other activities and duties as authorized by the applicable sections of the Ohio Revised Code which apply to the Bureau. The Bureau's Board consists of ten members. One of the members is a County Commissioner, appointed by the President of the County Commissioners. The other nine members are elected by the membership. A substantial portion of the Bureau's revenues are derived from the hotel tax.

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting:

The accompanying financial statements have been prepared on the modified cash basis of accounting. Except for modifications having substantial support, revenues are recorded in the Bureau's financial records and reported in the financial statements when cash is received rather than when earned and expenses are recorded when cash is paid rather than when a liability is incurred. The exception to this is for payroll taxes and withholdings which the Bureau has recognized as an expense and subsequent liability at the time incurred.

Revenues:

A substantial portion of the Bureau's revenue comes from a contract with Trumbull County, Ohio from a share of the hotel tax, commonly known as "bed tax", collected by Trumbull County. The Bureau's share of the tax is determined annually by Trumbull County. A significant reduction in the level of this support, if this were to occur, may have an effect on the continuance of the services provided by the Bureau. The contract requires the Bureau to provide services of approximate equal value to the amounts received under the contract.

The Bureau also receives annual dues from members who choose to join. The current annual membership fee is \$50. Membership dues are recognized as revenue when received.

Cash and Cash Equivalents:

Investments with an original maturity of three months or less at the time of purchase are presented on the financial statements as cash equivalents.

Investments are reported as assets. Accordingly, purchases of investments are not recorded as disbursements, and sales of investments are not recorded as receipts. Gains or losses at the time of sale are recorded as receipts or negative receipts, respectively.

TRUMBULL COUNTY TOURSIM BUREAU, INC.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2010**

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

During 2010, the Bureau invested in a nonnegotiable certificate of deposit and a money market mutual fund. The nonnegotiable certificate of deposit is reported at cost. The Bureau's money market mutual fund investment is recorded at the amount reported by First Place Bank on December 31, 2010.

Grant Distributions:

The Bureau receives requests to fund and sponsor various activities throughout Trumbull County. All requests require the Board of Trustees approval. Grant distributions are expensed when paid rather than when activities occur.

Inventory and Prepaid Items:

The Bureau reports disbursements for inventories and prepaid items when paid. These items are not reflected as assets in the accompanying financial statements.

Capital Assets:

Acquisitions of property, plant and equipment are recorded as disbursements when paid. These items are not reflected as assets in the accompanying financial statements.

Use of Estimates:

The preparation of statements on the modified cash basis of accounting requires management to make estimates and assumptions that affect certain reported amounts. Actual results could differ from those estimates.

NOTE C – CONCENTRATION OF CUSTODIAL CREDIT RISK

The Bureau maintains its cash balances in one financial institution located in Warren, Ohio. These balances are insured by the Federal Deposit Insurance Corporation up to \$250,000. At December 31, 2010 the carrying amount of all the Bureau's deposits was \$231,057. The Bureau maintains a \$396 petty cash fund which is included as part of Cash and Cash Equivalents on the financial statements. All of the Bureau's bank balance of \$239,003 was covered by the Federal Deposit Insurance Corporation.

NOTE D – LEASE

The Bureau leases office space, including all utilities, from the City of Warren for \$2,400 per year.

TRUMBULL COUNTY TOURSIM BUREAU, INC.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2010**

NOTE E – RISK MANAGEMENT

The Bureau has obtained commercial insurance through private carriers for general liability. There were no significant reductions in coverage from prior years and claims have not exceeded insurance coverage in any of the past three years.

NOTE F – SUBSEQUENT EVENTS

The Bureau has evaluated subsequent events and transactions for potential recognition or disclosure through June 3, 2011, the date the financial statements were available to be issued.

**INDEPENDENT ACCOUNTANTS' REPORT ON INTERNAL CONTROL OVER
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS
REQUIRED BY *GOVERNMENT AUDITING STANDARDS***

Trumbull County Tourism Bureau
Trumbull County
321 Mahoning Avenue, NW
Warren, Ohio 44483

To Board of Trustees:

We have audited the financial statements of the Trumbull County Tourism Bureau, Trumbull County (the Bureau) as of and for the year ended December 31, 2010, and have issued our report thereon dated June 3, 2011 wherein we noted the Bureau followed the modified cash basis of accounting, a comprehensive accounting basis other than accounting principles generally accepted in the United States of America. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Bureau's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statement, but not for the purpose of opining on the effectiveness of the Bureau's internal control over financial reporting. Accordingly, we have not opined on the effectiveness of the Bureau's internal control over financial reporting.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent or detect and timely correct misstatements. A material weakness is a deficiency, or combination of internal control deficiencies, resulting in more than a reasonable possibility that a material misstatement of the Bureau's financial statements will not be prevented, or detected and timely corrected.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

**INDEPENDENT ACCOUNTANTS' REPORT ON INTERNAL CONTROL OVER
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS
REQUIRED BY *GOVERNMENT AUDITING STANDARDS***

(continued)

Compliance and Other Matters

As part of reasonably assuring whether the Bureau's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters we must report under *Government Auditing Standards*.

We intend this report solely for the information and use of management, Board of Trustees, and others within the Bureau. We intend it for no one other than these specified parties.

Varney, Fink & Associates

VARNEY, FINK & ASSOCIATES, INC.
Certified Public Accountants

June 3, 2011

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Dave Yost • Auditor of State

TRUMBULL TOURISM BUREAU

TRUMBULL COUNTY

CLERK'S CERTIFICATION

This is a true and correct copy of the report which is required to be filed in the Office of the Auditor of State pursuant to Section 117.26, Revised Code, and which is filed in Columbus, Ohio.

Susan Babbitt

CLERK OF THE BUREAU

CERTIFIED
AUGUST 2, 2011